

**Concept/Option Paper:
Proposed Plan for Allocating Fiscal Year 2010 (FY10) Puget Sound Appropriation**

This paper describes an approach for disbursing FY10 Puget Sound appropriation funds through a series of Requests for Proposals (RFPs). The Environmental Protection Agency's FY10 Appropriation Language provides the Agency with \$50,000,000 (\$50m) for the protection and restoration of Puget Sound. The appropriation language specifies: *From within the funds provided, \$4,000,000 is included for the Puget Sound Ecosystem Research Initiative at the University of Washington's College of the Environment. These funds are to conduct, coordinate, and disseminate scientific research to inform policy decisions necessary to carry out the Puget Sound Action Agenda. The remaining funds are for the Agency's intramural costs, cooperative agreements, interagency agreements, contracts and competitive grants, including a competitive grant to manage implementation of the Action Agenda. Prior to announcing any requests for proposals for competitive grants, the conferees expect the Agency to coordinate with the State on priorities for the proposals.*

After existing commitments¹, approximately \$21-27 million of the \$50 million FY10 appropriation will remain for competitive RFPs. There will be substantial match requirements for these funds pursuant to Section 320(g) of the Clean Water Act which is the authority under which these funds will be awarded.

- I. Objectives for Remaining Funds:** The objective is to use the remaining FY10 appropriation to restore and protect Puget Sound by providing funding to:
- Support work consistent with priorities identified in the Puget Sound Action Agenda. The Action Agenda lists over 250 near-term actions that cut across seven Puget Sound action areas. As such, there is a need to prioritize implementation activities.
 - Address the ability of the Puget Sound Basin Tribes to protect and restore resources that sustain their cultural way of life.

¹ Existing Commitments for FY10 Funding

<u>Existing Commitments for FY10 Funding</u>	<u>Timeframe for Award</u>
• \$4m for UW (per the FY10 appropriation language)	EPA is awaiting UW's workplan
• \$0.3m for Tribal grants (total: \$5.3m from FY09 and FY10. A list of these grants will be available on EPA's website after they have been awarded.)	Summer 2010
• \$3.95m for Tribal Capacity Building (see explanation below)	Fall 2010
• \$1m to incrementally fund Education & Outreach assistance agreement with PSP (consistent with the FY09 RFP)	Early 2011
• \$4.5 - 9m for Science assistance agreements (per the FY09 RFP);	Select in July ; award in Fall 2010
• \$6.85m for Watershed grants (total: \$19.8m from FY09 and FY10. A list of these grants will be available on EPA's website after they have been awarded.)	Summer 2010
• \$1-2m to continue funding Interagency Agreements with federal agencies working on implementing the action agenda	Summer and Fall 2010
• <u>\$1.7m for EPA oversight (e.g. payroll for grant project officers to manage grants)</u>	NA

Aprox \$21.2 -26.7m remaining for FY10 competitive RFPs

EPA will do this by:

- Structuring an assistance agreement program that allows for and encourages stakeholder partnerships and collaborations, resulting in more effective implementation and positive environmental outcomes.
- Conducting a competition process to put Puget Sound funding to work sooner rather than later to restore and protect this waterbody.
- Supporting sustainable, multi-year actions, where appropriate, to address longer-range and persistent issues facing Puget Sound.
- Meeting EPA statutory, regulatory and policy requirements and the directives of the FY10 Puget Sound appropriation.
- Building upon activities funded with the FY09 Puget Sound appropriation.

II. Schedule²:

Late-April	-Gather input from the State, Tribes and other stakeholders (utilizing Puget Sound caucuses, Leadership Council, Science Panel and Ecosystem Coordination Board; posting on EPA's website) to obtain input on FY10 funds allocation options.
Late May	-Develop a FY10 funds allocation concept paper based on feedback from the State, Tribes and other stakeholders. -Brief and gain approval from the EPA Regional Administrator (RA) on the FY10 funds allocation concept paper.
May 24	-Publicize the FY10 funding allocation concept paper (email and post on EPA's website). -Begin drafting RFP for Management of Implementation of the Action Agenda
June 23	-Close of comment period on FY10 funding allocation concept paper. -Review feedback on the FY10 funding allocation options. -Coordination with State, Tribes, and other potential applicants complete.
Early July	-Brief RA on feedback on FY10 funding allocation concept paper for decision on RFP for Management of Implementation of the Action Agenda and direction of remaining RFPs. -As needed, revise draft RFP for Management of Implementation of the Action Agenda based on comments -Coordinate with the Offices of Regional and General Counsel and Competition Advocate for review and approval to post on website and grants.gov. -Fact sheet on Management of Implementation of the Action Agenda sent to State, Tribes and other potential applicants.
Mid-July	-RFP for Management of Implementation of the Action Agenda issued.

² EPA held the FY08 Puget Sound appropriation (\$20m) until adoption of an Action Agenda (i.e. the State's workplan for restoring and protecting Puget Sound). While this approach ensured that the funding was spent on critical tasks, it has led to a delay in expenditure of the subsequent appropriations in FY09 and FY10. The current focus of EPA's Puget Sound effort is to select and issue the grants using the FY09 appropriation, which must be committed before October 1, 2010. The above schedule assumes the current level of EPA Puget Sound staffing. EPA may be able to expedite some of this work by assigning additional staff or resources to help with the competition process.

Early-Aug.	-Brief RA on remaining RFPs and fact sheet for approval.
Mid-Aug.	-Remaining RFPs to Offices of Regional and General Counsel and Competition Advocate for review and approval to post on website and grants.gov.
Late-Aug	-Fact sheet on remaining RFPs sent to State, Tribes and other potential applicants.
Sept. 1	-Remaining RFPs issued. -Deadline for proposals for Lead Organization for Management of Implementation of the Action Agenda.
Sept. 30	-Deadline for review panel recommendation on Lead Organization for Management of Implementation of the Action Agenda.
Oct. 15	-Deadline for proposals under the remaining RFPs.
Dec. 1	-Deadline for review panel recommendations on applications for remaining RFPs.
Dec. 31	-Award of grant for Management of Implementation of the Action Agenda
Feb., 2011	-Award of <u>all</u> FY10 funded assistance and interagency agreements completed.

EPA will begin drafting RFPs consistent with this paper while comments are taken through June 23, 2010, in an attempt to expedite the above schedule. Revisions to the draft RFPs will be made based on comments received and the resulting RFPs will be posted by September 1, 2010. It is EPA's intent to issue the first competitive grant award (for management of implementation of the Action Agenda) by the end of 2010.

III. Input received:

In an effort to carry out EPA's responsibilities under the FY10 appropriation language, EPA coordinated with the State, Tribes, and others stakeholders with interest in Puget Sound. EPA sought input through 'listening sessions' with the Puget Sound Partnership (PSP), Leadership Council, Science Panel, Ecosystem Protection Board (ECB), Tribes and Tribal Consortia, Federal, State and Environmental Caucuses and other interested parties. The following approach reflects the input received. Understandably, the input reflected a wide range of requests and priorities. Some recommendations were compatible while others were not; however, all of the input reflected the perspectives of varying groups on how best to restore and protect Puget Sound. All input was considered, and where feasible recommendations were incorporated into this concept/options paper.

EPA specifically sought input on whether the FY10 competitive funding should go toward addressing specific Puget Sound threats, resources and/or geographic areas (referred to here after as 'categories'). EPA proposed that the competitive funding to address each of the various issues identified be awarded to a 'Lead Organization.' The Lead Organization selected via competition for each issue could then make subawards to other organizations to carry out different parts of the work. Although this approach will initially take longer to put the funding into projects, it will put in place an efficient and effective system for directing future year funding toward the most pressing issues in the

Sound. Subject to Congressional intent and future appropriations, it is EPA's intent to continue to provide these Lead Organizations with funding for the next several years. This approach will expedite putting future funding to work in the field to protect and restore Puget Sound.

There were several common themes expressed in the input EPA received. These included the need to address stormwater and shoreline management as priorities. Also highlighted was the importance of involving all levels of government and multiple stakeholders in the work to maximize our joint ability to leverage resources and create synergies across programs. The input reflected the need for flexibility in utilizing the funding, recognizing that the threats and opportunities across the Sound vary by location. The feedback encouraged EPA to create a comprehensive approach to tackle the most pressing issues in the Sound rather than a patchwork of projects that may not completely address the issues. Much of the feedback encouraged EPA to ensure identification of clear outputs and outcomes in the resulting assistance awards and to set in place strong accountability measures for the funding. Another common thought was the need for solid science and effective public outreach at the grass-roots level in moving forward with actions to protect and restore the Sound. In addition to helping EPA establish the RFP categories below, these comments will be considered as EPA formulates the RFP selection criteria that the Agency will use in judging applications and applicants' ability to make and manage subawards.

Finally, a number of stakeholders expressed a desire to see a shorter time frame for development of the RFPs and subsequent award of the funds. Where possible, EPA commits to expedite the RFP schedule while ensuring that the approach taken is carefully considered and constructed to maximize our ability to protect and restore Puget Sound well into the future.

IV. Proposed RFP Categories for Lead Organization Applicants

As described above, the RFPs will solicit Lead Organizations to carry out major portions or strategic areas of the Action Agenda. In addition to carrying out some activities directly, Lead Organizations will be expected to partner with other entities and provide subawards consistent with the purpose of the RFP. Each Lead Organization will provide oversight of the subawards and subgrantees; address any subgrantee noncompliance and coordinate across lead organizations to create synergies and avoid duplication of effort.

Based on the input received, EPA is proposing to develop RFPs for the FY10 Puget Sound funds in the following general categories:

A. Manage Implementation of the Action Agenda

The FY10 appropriation specifies that a portion of the funding will be used for '*a competitive grant to manage implementation of the Action Agenda.*' EPA is proposing that this RFP also include the necessary components to address:

- integrated monitoring,
- data management and reporting,

- information technology infrastructure,
- implementation of the Puget Sound Science Program being developed, and
- an accountability/performance management system to support the Action Agenda.

This RFP will also include funding for subgrants to local organizations to develop watershed-based priorities to implement the Action Agenda and to coordinate actions at the local level. To the extent possible, funding will also be included for piloting and coordinating new approaches to implement priorities in the Action Agenda.

To be noted, the Puget Sound Partnership, the designated Management Conference under the Clean Water Act National Estuary Program, currently receives an annual EPA assistance agreement for management of the Conference, establishment of a performance management system and coordination of monitoring. However, this funding is insufficient to address the many needs of Puget Sound. The additional funding provided by this RFP will allow the recipient Lead Organization to provide additional capacity and capabilities in these areas. If an entity other than the Puget Sound Partnership is selected under this RFP, the selected entity will be expected to closely coordinate activities with the Partnership to assure work is not duplicated. In this case, it is expected that there will be coordination and communication between the Lead Organization and the existing Management Conference to build on the tasks already funded for the Puget Sound Partnership. This Lead Organization will also be expected to provide a central coordination function and ensure collaboration between the other lead organizations receiving awards under these RFPs.

Eligible Organizations: Federal and Washington State government agencies, public and private institutes of higher education located in the US, units of local government organized under Washington State law and located within the greater Puget Sound basin, special purpose districts including but not limited to irrigation districts and water and sewer districts that are located in or govern land or water resources within the greater Puget Sound basin, conservation districts that are located in or govern land or water resources within the greater Puget Sound basin, watershed planning units, local management boards, salmon recovery lead entities, regional fisheries enhancement groups, marine resource committees if they are located within or their jurisdictions include waters and/or lands within the greater Puget Sound basin, intrastate organizations in the greater Puget Sound basin, non-governmental entities, federally recognized Indian Tribes and any consortia of those eligible Tribes located within the Puget Sound basin.

B. Tribal priority projects to protect and restore watersheds consistent with Tribally reserved treaty rights

Eligible Organizations: All Puget Sound Tribes and Tribal Consortia
EPA has two options on how to proceed with this funding category:

Option 1:

Create an RFP for a lead organization to distribute (through subawards) and manage funding specifically for Tribal projects. This funding would be separate from the funding previously set aside for grants to build Tribal

capacity to engage in implementation of the Puget Sound Action Agenda. The lead organization selected under this competition would not need to compete the subawards. This competition will be limited to Puget Sound Tribes and consortia of those Tribes.

Option 2:

Similar to the approach taken with FY09 Puget Sound funding, establish an RFP for Tribal projects for the protection and restoration of the waterbody. EPA would conduct a competition among Puget Sound Tribes and Tribal Consortia. The funding range for proposals would be at a lower level, consistent with comments received on the FY09 process.

During discussions with Puget Sound Tribes and Tribal Consortia, EPA was encouraged to explore the feasibility of awarding non-competitive cooperative agreements for Tribal Puget Sound enhancement and restoration projects not otherwise funded under another EPA program. This would require obtaining a formal exception to the EPA's Competition Policy. Initial discussions with the Agency's Competition Advocate suggest that this approach may be difficult; however, the Region will continue to hold conversations with the Office of Grants and Debarment on this request.

- C. Ecosystem Restoration and Protection Priorities.** Develop RFPs for Lead Organizations to manage a strategy and distribute (through subawards) grants in the categories described below (one Lead Organization/category). The Lead Organizations are encouraged to work together to issue coordinated subaward programs where possible. Note that this competition may involve as many as four RFPs (one per category) or as few as two RFPs (if categories are combined). We are seeking comment on whether and how these proposed categories should be grouped, as well as whether they represent the highest priorities for funding.

Eligible Organizations: Federal and Washington State government agencies, public and private institutes of higher education located in the US, units of local government organized under Washington State law and located within the greater Puget Sound basin, special purpose districts including but not limited to irrigation districts and water and sewer districts that are located in or govern land or water resources within the greater Puget Sound basin, conservation districts that are located in or govern land or water resources within the greater Puget Sound basin, watershed planning units, local management boards, salmon recovery lead entities, regional fisheries enhancement groups, marine resource committees if they are located within or their jurisdictions include waters and/or lands within the greater Puget Sound basin, intrastate organizations in the greater Puget Sound basin, non-governmental entities, federally recognized Indian Tribes and any consortia of those eligible Tribes located within the Puget Sound basin.

- 1. Watershed Protection and/or Restoration.** To protect intact ecosystems processes, structures and functions, the Lead Organization will develop and implement a Puget Sound-wide program to protect and/or restore priority

watershed habitat, processes, structures, and functions. The program should build on the current investment in watershed characterization, protect identified sensitive areas by implementing strategies that direct growth away from these areas, and support Critical Area Ordinance updates and implementation. The program should also include the use of a comprehensive, integrated approach to managing urban stormwater and rural surface water runoff to reduce stormwater volumes and pollutant loadings. The program should emphasize maintaining and restoring the natural hydrologic system of forests and wetlands for infiltration, and managing surface water runoff closer to its source when possible. The program should advance the use of Low Impact Development (LID) approaches and green infrastructure to stormwater management. Eligible activities may include the following:

- Early attention to growth management strategies, particularly in locations at-risk from future population growth and development.
- Direct restoration strategies in priority locations to repair key habitat, processes, structures and functions.
- Support of species recovery strategies.
- Over the long-term, implement projects identified through the Action Agenda-based watershed assessments, regional protection and restoration strategies, and harmonization of existing efforts identified in Priority A.1.
- Integrate efforts to manage stormwater discharges with work to protect land cover and reduce pollutants at the watershed-scale and across Puget Sound.
- Manage stormwater runoff in urban and urbanizing areas to reduce stormwater-related impacts.
- Restoration and protection of flood plains.

2. Toxics and Nutrients Reduction and Control. Toxics and nutrient problems in Puget Sound are large-scale problems and thus have been combined for the purpose of this proposed RFP. To reduce the sources of water pollution, the Lead Organization will develop a Puget Sound-wide program to prevent toxics and nutrients from being introduced into the Puget Sound ecosystem. The program should implement a prioritized, comprehensive, management initiative to prevent, reduce, and control loadings of toxics and nutrients into Puget Sound. Eligible activities may include the following:

- Conduct focused business and citizen outreach aimed at controlling and reducing high-priority chemicals, pharmaceuticals, and personal care products. Include pollutants identified in the regional toxic loading studies that are priority threats to Puget Sound.
- Continue to invest in technologies that reduce toxic pollutants and nutrients and provide technical assistance to reduce their use.
- Continue scientific work to better understand the sources of toxics and nutrients, as well as transport and fate in the Puget Sound ecosystem, to better refine reduction strategies. This includes the toxic loadings assessment.

- Where possible at cleanup sites, implement appropriate habitat restoration that restores ecosystem processes.
- Implement priority strategies and actions to address low dissolved oxygen due to excessive nutrients in vulnerable areas.

3. **Pathogens (Human and Community Health).** Pathogen problems in Puget Sound are localized and thus will be addressed by a specific RFP. To reduce the sources of water pollution, the Lead Organization selected will develop a program to prevent pathogen loadings to the Puget Sound ecosystem. The program should set clear priorities for the restoration and protection of beneficial uses. The Lead Organization will be expected to work with the Department of Health and local jurisdictions to develop this program. A subgrant program for local governments to control nonpoint sources of pathogens will be part of this effort. The program would also establish and maintain locally coordinated, effective on-site sewage system management to reduce pollutant loadings to vulnerable surface and ground waters. Eligible activities may include the following:

- Establish, in each Puget Sound county, a coordinated, systematic way to identify, inspect, and repair or replace (as needed) failing or poorly functioning on-site sewage treatment systems.
- Review and, as appropriate, approve new on-site sewage system treatment technologies for use in Washington.
- Provide innovative cost-share and loan programs and grants for homeowners.

4. **Nearshore and Shoreline Protection and/or Restoration.** To protect intact ecosystems processes, structures and functions, the Lead Organization will develop and implement a Puget Sound-wide program to protect and/or restore priority nearshore and shoreline habitat, processes, structures, and functions. The program should include nearshore and shoreline characterization, protection through identification and implementation of strategies that direct growth away from sensitive areas, and support of Shoreline Master Program updates and implementation. Eligible activities may include the following:

- Prioritize and support the implementation of restoration projects identified within existing species recovery plans, flood hazard management plans, road decommissioning plans, Shoreline Master Programs, and other documented processes that have scientific review and community support. Consider climate change impacts and necessary adaptations.
- Early attention to growth management strategies, particularly in locations at-risk from future population growth and development.
- Direct restoration strategies in priority locations to repair key habitat, processes, structures and functions.
- Support of species recovery strategies.
- Maintain protected areas through stewardship. Consider innovative methods for conducting maintenance such as endowment, partnerships with conservation organizations, and citizen volunteers.

V. Potential evaluation factors to be considered in selecting Lead Organizations under the RFPs:

- Ability to tie actions to outputs, and outputs to outcomes.
- Data management and reporting.
- Geographic coverage and development/implementation of regional strategies.
- Addresses multiple stressors and/or receptors/resources.
- Innovation and establishment of best management practices and models.
- Outreach and collaboration to provide effective, grass-roots connections.
- Partnerships across organizations, including Tribes, local jurisdictions and NGOs.
- Leveraging of other resources, including match, if applicable.
- Planning and/or implementation activities.
- Authority or charter allowing for subgrant awards.
- Past performance, especially regarding management of subaward programs.

VI. Requested comments:

EPA is specifically seeking comment on the following issues:

- Should lead organizations for each category be required to use a competitive process to make subawards?
- What is the relative percentage of the remaining funding that should be applied to each category?
- Is 45 days sufficient for preparation of a proposal for the RFP(s)?

In addition, other comments on this concept/options paper are welcome. Comments must be sent to Linda Anderson-Carnahan at Anderson-carnahan.linda@epa.gov and Chris Castner at castner.chris@epa.gov by June 23, 2010. Alternatively, comments may be mailed to Linda at US EPA - Region 10, 1200 Sixth Ave, Suite 900, ETPA-087, Seattle, WA 98101.